



Will Enbridge's Stock Price Soar in 2022?

Description

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is one of the most reliable stocks on the Canadian market. Apart from its decades-long track record of yielding attractive returns for investors, its solid dividends make it even more attractive for long-term [dividend investors](#). In this article, we'll look at some key factors that could drive ENB stock in 2022. But first, let's look at its price movement and recent developments.

Enbridge stock

At the time of writing, Enbridge's stock price was hovering at \$49.12 per share with 21.3% year-to-date gains against a 23% rise in the **TSX Composite Index**.

The stock started 2021 on a strong note, as it inched up by 12.5% in the first quarter. While its bullish momentum slowed a bit in the next couple of quarters, it still managed to end Q2 and Q3 in the positive territory with single-digit gains. Due to a sharp decline in crude oil prices in November, however, ENB stock erased some of its gains in Q4. As a result, it's now trading with 2.2% quarter-to-date losses.

COVID-19 woes

Enbridge went through a difficult phase last year as a sudden slump in energy demand badly affected its business growth amid the global pandemic. That's the key reason why its total revenue fell by 22% YoY (year over year) to \$39.1 billion in 2020. On the positive side, the company's efforts to drive efficiencies and minimize costs helped it limit its earnings decline to a single-digit — despite a double-digit drop in its revenue. Its 2020 adjusted earnings stood at \$2.42 — down 8.7% from a year ago.

Recent financial trends

The demand for energy products rebounded sharply in 2021, as easing pandemic-related restrictions allowed economies to reopen. This surge in demand has helped the company report solid YoY growth in its total revenue as well as earnings in recent quarters. In the latest quarter ended in September

2021, Enbridge adjusted earnings stood at \$0.59 per share — up 23% YoY. Notably, it was the third consecutive quarter when its earnings exceeded analysts' estimates. Given this sharp recovery, the ongoing growth trend in Enbridge's financials looks solid.

Strong outlook

Enbridge's 2021 earnings are expected to be even higher than its 2019 level. Analysts expect it to continue posting a double-digit [earnings growth](#) in 2022 as well. Besides these optimistic expectations, quickly rebounding oil prices could help the company expand its profitability further in the coming quarters. These factors could help ENB stock continue soaring for the second consecutive year in 2022.

While the ongoing concerns about the new Omicron variant are hurting investors' sentiments right now, I expect these concerns to be temporary and not have a major impact on the full-year 2022 demand outlook for energy products.

Consistent dividend growth

As I noted earlier, Enbridge's strong and reliable dividends make its stock even more attractive for long-term investors. For example, the company raised its dividend by 10% in 2020, despite facing a very challenging business environment due to COVID-19. ENB stock currently has a stellar dividend yield of nearly 7%.

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Date

2025/08/22

Date Created

2021/12/31

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